

Jobless rate falls slightly to 5.5% The report, which surprised economists and may signal the recession's end, came as senators extended benefits

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WASHINGTON - U.S. businesses added 66,000 workers to their payrolls in February, the government said yesterday in a report further suggesting that an economic recovery is under way.

The gain was the first in seven months and was the largest increase since February 2001, the month before the recession began.

"It's over. This is it," said Mark Zandi, chief economist for Economy.com, a West Chester, Pa., consulting company. "This is the final nail in the recession's coffin." The increase reduced the nation's unemployment rate by 0.1 of a percentage point to 5.5 percent of the labor force.

Investors responded by pushing up virtually every broad market indicator, though the increases were modest.

Since the recession began, job losses had averaged 146,000 a month.

In February, employment in the service sector led the reversal. It was up by 40,000 jobs, continuing its rebound from the Sept. 11 terrorist attacks. The sector lost 245,000 jobs in October and November but has expanded each month since then.

Automotive industry employment also improved, reflecting the reopening of plants that had shut for January inventory or because of slow business. Construction jobs, stoked by a mild winter in most of the nation, also rose, as did health industry employment.

But the manufacturing, mining, wholesale trade and finance sectors reported employment declines. Manufacturing employment has fallen for 19 straight months.

And while the jobless rate for Hispanics fell by a percentage point to 7.1 percent in February, rates for other major groups - teenagers (15.6 percent), whites (4.9 percent) and blacks (9.6 percent) - showed little change.

The 0.1-percentage-point drop in the jobless rate translated to only 31,000 people cut from the unemployment rolls; the number out of work remains at a relatively high 7.9 million.

But the slight decrease was contrary to predictions by many analysts that expected unemployment would keep rising for several months before recovery took hold.

"The jobless rate [typically] continues to rise for several months after a recession ends and a recovery begins," said Ron Bird, chief economist at the Employment Policy Foundation, a Washington nonprofit research foundation that focuses on workplace trends. "In February . . . the growth of jobs available was much stronger than would be usual for the beginning of an economic recovery."

Still, Lois Orr, commissioner of the Bureau of Labor Statistics, and others cautioned that it would

take time to shed the lingering effects of recession.

"The unemployment situation won't truly improve until businesses increase hiring a lot more than they did in February," Bill Cheney, chief economist with John Hancock Financial Services, said. "It takes roughly 150,000 new jobs per month just to keep the unemployment rate steady."

Hoping to spur the economy, the Senate voted 85-9 yesterday to extend unemployment benefits for 13 weeks beyond the normal 26 weeks and to offer billions in new business tax cuts. President Bush is expected to quickly sign the measure, which passed the House of Representatives on Thursday. Sen. Thomas R. **Carper** (D., Del.) voted against the bill; all other Philadelphia-area senators voted for it.

By extending jobless benefits, the bill promises relief to more than two million Americans - 300,000 in the last month alone - who have exhausted their benefits since the recession began.

Congress' version is scaled back sharply from Bush's original economic-stimulus proposal. Congressional Democrats balked at the big tax breaks for business that Bush wanted. The largest that survived is for \$35 billion on investments in new factories and equipment.

AFL-CIO president John Sweeney complained yesterday that the bill did not help workers enough. "It's a disgrace," he said. "It's an insult to workers."

The legislation provides no subsidies for health-insurance coverage, as had earlier versions that Democrats supported, Sweeney said. And it leaves out many former workers who do not receive unemployment benefits.

An estimated 60 percent of jobless workers did not qualify for unemployment aid in the first place because they had been in part-time or low-wage jobs, so they are ineligible for the 13 additional weeks, according to union statistics.